

## ORIGIN

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1. Provided that the treaty gives independence to Austria, the Socialists will demand that general elections be held and expect to win a majority. The present Socialist Party leaders plan to invite the APP into a new coalition government and are willing to take party responsibility therefor. The inventory of available persons to fill cabinet and government posts shows that the Socialists face difficulties with regard to Foreign Office slots. The SP feels that the present Foreign Office personnel is incompetent and dominated by the APP.
2. The SP has resolved to limit the nationalization program to the industries covered by the law of 26 July 1946, inasmuch as the Czech example of nationalization has convinced the Austrian Socialists that hasty nationalization creates a public deficit. The SP plans to maintain private enterprise in all industries not covered by the Nationalization Law. Source says that the Socialists will subsequently welcome US and other foreign investors, both officially and unofficially. They would like to see Austria become the transfer point for US trade in Eastern Europe.
3. Franz Rauscher, recently replaced by Karl Mantler as State Secretary for Property and Economic Planning, will not be offered a new post at present although he remains a member of Parliament. The Socialists are disappointed by Rauscher's inability to check Krausland, but feel that the latter has won a Pyrrhic victory over Rauscher, whose arrogance has incurred party hostility. They will not accept Krausland in the Government after the new elections.
4. The Socialists are now prepared to accept Julius Raab, President of the Federal Chamber of Commerce, as coalition man. The Socialists, impressed by his honesty and seriousness, are ready to forgive his Heimwehr record.

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